

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Gary Hofmeister)

Hofmeister Personal Jewelers Inc.)

Dreamtech Inc.)

MUR 5204

CONCILIATION AGREEMENT

Matter Under Review ("MUR") 5204 was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe Gary Hofmeister ("Respondent" or "Candidate"), Hofmeister Personal Jewelers ("Respondent" or "HPJ"), and Dreamtech Inc. ("Respondent" or "Dreamtech") knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

NOW THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into an agreement with the Commission.

IV. The pertinent facts and violations of law in this matter are as follows:

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1 1. The Gary Hofmeister for Congress Committee was the principal campaign committee
2 of Gary Hofmeister, the Republican Candidate for the United States House of Representatives
3 for the State of Indiana, Tenth District in the 1998 election.

4 2. Curtis Coonrod is the treasurer of Gary Hofmeister for Congress Committee.

5 3. Hofmeister Personal Jewelers, Inc. is a for-profit corporation in the State of Indiana.
6 The Candidate is the Chief Financial Officer of Hofmeister Personal Jewelers, Inc.

7 4. Dreamtech Inc. was a for-profit corporation in the State of Indiana. It was
8 administratively dissolved on August 21, 2000. The Candidate was a principal and incorporator
9 of Dreamtech, Inc.

10 5. Under the Federal Election Campaign Act of 1971, as amended ("the Act"), the term
11 "contribution" includes any gift, subscription, loan, advance, or deposit of money, or anything of
12 value made by any person for the purpose of influencing any election for Federal office. 2 U.S.C.
13 § 431(8)(A). The Act provides that corporations are prohibited from contributing to political
14 committees. 2 U.S.C. § 441(a). Political committees are prohibited from accepting corporate
15 contributions. *Id.*

16 6. The Act and Commission regulations prohibit contributions in the name of another.
17 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b). No person shall make a contribution in the name of
18 another person or knowingly permit his name to be used to effect such contribution. *Id.* No
19 person shall knowingly accept a contribution made by one person in the name of another. *Id.*

20 7. Candidates may make unlimited expenditures from personal funds, except as provided
21 in 11 C.F.R. parts 9001, et seq. and 9031, et seq. 11 C.F.R. § 110.10(a). The term "personal
22 funds" means any assets which under applicable state law, at the time he or she became a
23 candidate, the candidate had legal right of access to or control over, and with respect to which the

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1 candidate had either legal and rightful title, or an equitable interest. Also included as personal
2 funds are salary and other earned income from bona fide employment, dividends and proceeds
3 from the sale of the candidate's stock or other investments. 11 C.F.R. § 110.10(b)(1) and (2).

4 8. On December 30, 1997, the Candidate deposited into his personal bank account a
5 \$25,000 check drawn from the account of Hofmeister Personal Jewelers Inc. and made payable
6 to Dreamtech, Inc.

7 9. On December 31 1997, the Candidate advanced \$25,000 to his Committee.

8 10. Only a portion of the \$25,000 in corporate funds reached the Committee. Because the
9 corporate funds flowed through the Candidate's personal bank account that contained
10 permissible personal funds, only \$15,770 in corporate funds reached the Committee.

11 11. The Candidate made three advances to his campaign respectively on April 9 1998
12 (\$20,000), April 17 1998 (\$50,000) and April 24 1998 (\$19,500) with proceeds from a personal
13 loan that he obtained from National City Bank in Indianapolis on March 31, 1998 in the amount
14 of \$150,000. This loan was secured by real property owned solely by the candidate and thus
15 proceeds from this loan could be used to make loans to his campaign. See 11 C.F.R.

16 §§ 100.7(b)(11) and 100.10(b).

17 12. The Candidate refinanced his property by obtaining a loan from another bank,
18 People's Bank and Trust. Some of the proceeds, \$151,264.14, from the People's Bank and
19 Trust financing arrangement were used to pay off the loan from National City Bank. Therefore,
20 funds used to repay the National City Bank loan were permissible.

21 V. 1. The Candidate consented to the making of a prohibited contribution in the
22 amount of \$15,770 in violation of 2 U.S.C. § 441b(a).

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1 2. The Candidate accepted a contribution in the name of another and allowed his
2 name to be used to make a contribution in the name of another in the amount of \$15,770 in
3 violation of 2 U.S.C. § 441f.

4 3. HPJ made a prohibited contribution in the amount of \$15,770 in violation of 2
5 U.S.C. § 441b(a).

6 4. HPJ made a contribution in the name of another in violation of 2 U.S.C.
7 § 441f.

8 5. Dreamtech made a prohibited contribution in the amount of \$15,770 in
9 violation of 2 U.S.C. § 441b(a).

10 6. Dreamtech assisted in making a contribution in the name of another in
11 violation of 2 U.S.C. § 441f.

12 7. Respondents will cease and desist from violating 2 U.S.C. §§ 441b(a) and
13 441f.

14 VI The Respondents will pay a civil penalty to the Federal Election Commission in
15 the amount of \$11,200 pursuant to 2 U.S.C. § 437g(a)(5)(A).

16 VII. The Candidate will use permissible funds to repay a pro rata portion (\$69,500,
17 the sum of the three advances at issue \$20,000 + \$30,000 + \$19,500) of the loan from People's
18 Bank and Trust.

19 VIII The Commission, on request of anyone filing a complaint under 2 U.S.C.
20 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance
21 with this agreement. If the Commission believes that this agreement or any requirement thereof
22 has been violated, it may initiate a civil action for relief in the United States District Court for the
23 District of Columbia.

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1 IX. This agreement shall become effective as of the date that all parties thereto have
2 executed same and the Commission has approved the entire agreement.

3 X. Respondents shall have no more than 30 days from the date this agreement
4 becomes effective to comply with and implement the requirements contained in this agreement
5 and to so notify the Commission.

6 XI. This Conciliation Agreement constitutes the entire agreement between the parties
7 on the matters raised herein, and no other statement, promise, or agreement, either written or
8 oral, made by either party or by agents of either party, that is not contained in this written
9 agreement shall be enforceable.

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11 FOR THE COMMISSION:

12 Lawrence H. Norton
13 General Counsel

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BY:

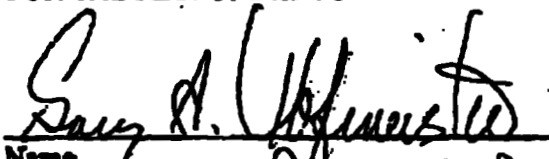

Gregory R. Baker
Acting Associate General Counsel

Date:

11/13/02

FOR THE RESPONDENTS:

Name


on behalf of Dykemade, Inc.,
Hofmeister Personal
Jewelers Inc. and
personally.

Date:

October 18, 2002

TOTAL P.07

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